

## Past-paper walk-through

Forecasting and managing cash flows ■ 5.3

eXercise

## Questions in this set

- 9609/12 N25 Q5 ■ 20 marks
- 9609/23 N25 Q2 ■ 30 marks
- 9609/13 J25 Q5 ■ 20 marks

## Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- **//** separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = “or words to that effect” – the wording need not match.

## Question 5

9609/12 N25 ■ Q5 ■ 20 marks

**5 (a)** Analyse **two** benefits to a business of using an internal source of finance for business growth. [8]

**(b)** 'The main reason why many small businesses fail is that they do not understand the difference between cash and profit.'

Evaluate this view. [12]

**OR**

## Solution 5

### (a) Mark scheme

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- Analyse two benefits to a business of using an internal source of finance for business growth.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding – 1 mark for each identified benefit
  - ■
- May be readily and speedily available
- ■

## Solution 5

- Will not increase business debt - gearing ratio unaffected
- ■
- Will not need repayment planning
- ■
- Will not require interest payments - low cost
- ■
- Will not lose any control over the business
- ■
- AO2 Application 1 mark for application/explanation of each identified benefit
- ■

## Solution 5

- A business will avoid lengthy and costly applications for external finance
- ■
- Allows a business to focus on core competencies
- ■
- Avoids possible external interference of the business.
- ■
- Shareholders cannot influence business decisions
- AO3 Analysis – 2 marks for DEVELOPED analysis of each identified benefit
- – 1 mark for LIMITED analysis of each identified benefit
- The benefits of using internal sources of finance may include:

## Solution 5

- ■
- Internal sources may mean lower costs of finance – the avoidance of loan, overdraft, credit card interest/fees.
- ■
- No interference by external investors, meaning owners can focus on original objectives
- ■
- No delay in acquiring the finance – waiting for approval could mean loss of business opportunities – no wait for credit
- reports – supports quick decisions.
- ■

## Solution 5

- No requirement for collateral when using internal resources – simplified finance acquisition.
- ■
- Business avoids taking on any further legal obligations associated with external sources of finance – another indicator
- of internal control and independence.
- Accept all valid responses.
- 8
- 9609/12
- October/November 2025

## Solution 5

### (b) Mark scheme

---

- 'The main reason why many small businesses fail is that they do not understand the difference between cash and
- profit'. Evaluate this view.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding – 2 marks for DEVELOPED understanding L2 K and 1 mark for LIMITED
- understanding – L1 K- put ticks in body of script and annotate in left hand margin.

## Solution 5

- ■
- Cash flows in and out of an operating business in a certain period of time - the life blood of an organisation
- ■
- Profit is revenue less all the expenses of a business in a certain period of time
- ■
- Business failure – reasons for this
- AO2 Application – 2 marks for DEVELOPED application L2 APP – 1 mark for LIMITED application L1 APP – put
- ticks in body of script and annotate in left hand margin.
- ■

## Solution 5

- Produce goods and services on a relatively small scale – often sole proprietorships, partnerships or family businesses.
- ■
- High rate of small business failure in the early years of operation.
- ■
- likely to have very limited resources (capital, cash, and personnel)
- ■
- Inexperienced management/poor decision-making over a variety of areas – marketing, operations, finance – lack of
- competency
- ■

## Solution 5

- May lack resources to match efficiency of larger competitors .... no cash for operations or growth – no economies of
- scale
- ■
- May have very small customer base – insufficient revenue
- ■
- Often have inadequate business plans
- ■
- Often do not see short term cash management and long-term profit maximisation as priorities
- ■

## Solution 5

- Microfinance may be available
- 12
- 9609/12
- October/November 2025
- AO3 Analysis – 2 marks for DEVELOPED analysis L2 AN and 1 mark for LIMITED analysis L1 AN – put ticks in
- body of script and annotate in left hand margin.
- ■
- Failure to see that cash is not profit, and profit not cash means that businesses may be profitable but lack adequate
- cash flow.

## Solution 5

- ■
- A business may make a profit over the period of a year but report a shortage of cash in the accounts, resulting in an
- inability to pay taxes on the profit made – leading to failure (forced into administration by a government).
- ■
- A business that generates profit while being cash negative may well not survive – a business that generates a lot of
- cash flow while remaining unprofitable may well survive – businesses need cash all the time and they can survive,
- even if they lack profit in the short term.

## Solution 5

- ■
- Profit is a necessity for business growth over the long term, but cash is necessary for company survival in the short
- term.
- ■
- May well pursue profits in the short term in an effort to generate cash and neglect a focus on working capital
- ■
- The cash flow of a business provides a good indicator of its financial health – the cash flow of a business is tied to its

## Solution 5

- core operations and activities and requires an effective cash management policy to ensure that there is always
- sufficient cash available to pay core and regular expenses, such as employee remuneration and materials/supplies.
- 9609/12
- October/November 2025
- AO4 Evaluation- up to 6 marks for evaluation – EVAL
- USE THE FOLLOWING TABLE:
- Developed/Supported judgement in context
- 6 marks
- Developed/Reasonable evaluative comments in context

## Solution 5

- 5 marks
- Developed/Supported judgement without context
- 4 marks
- Developed/Reasonable evaluative comments without context
- 3 marks
- Limited supported judgement
- 2 marks
- An attempt to balance the arguments/Weak attempt at evaluative comments
- 1 mark
- ■

## Solution 5

- Any judgements/conclusions/critical comment may be made at any point in the essay and not just in a concluding
- section.
- ■
- A judgement is made that a primary reason for small business failure is a lack of cash or working capital – caused by
- an inability to distinguish between cash and profit – a judgement supported by reasoned argument.
- ■
- A judgement is made that while a lack of cash is a fundamental reason for small business failure, it is not the only

## Solution 5

- reason – there are many possible reasons.
- ■
- Some of the reasons adjudged to be significant, such as poor management and lack of an effective business plan, may
- actually lead to poor cash flow management.
- ■
- Other reasons for small business failure suggested in an evaluative section could include such factors as a flawed
- business model, inadequate start-up capital, unsuccessful marketing, poor market research and a poor business
- strategy.

## Solution 5

- Accept all valid responses.
- 9609/12
- October/November 2025

## Question 2

9609/23 N25 ■ Q2 ■ 30 marks

### 2 Popular Drinks (PD)

PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is \$5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market.

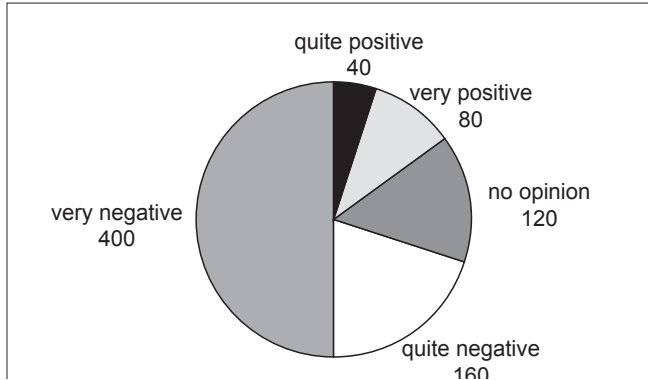
5

Online feedback of the campaign was poor. Many of PD's customers did not want to be associated with trending music. National news highlighted the negative feedback and PD's sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD's warehouses. The bad publicity also caused a drop in PD's share price and a negative impact on cash flow.

10

## Question 2

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.





**Fig. 2.1 Market analysis data of a sample of PD's customers**

Pablo has called an emergency meeting of PD's marketing managers to repair the damage done to the PD brand from this recent promotional campaign. 15

- (a) (i) Identify **one** recruitment method. [1]
- (ii) Explain the term *cash flow*. [3]
- (b) (i) Refer to Fig. 2.1. Calculate the percentage of PD's customers with positive feedback. [3]
- (ii) Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable. [3]

## Question 2

- (c) Analyse **two** possible costs to PD of holding inventory. [8]
- (d) Evaluate the importance of branding to the future success of PD. [12]

## Solution 2

### (a)(i) Mark scheme

---

- Identify one recruitment method.
- Indicative content
- Identification of a method
- may include:
  - ■
  - job advertisements
  - ■
  - employment agencies

## Solution 2

- ■
- online recruitment
- ■
- internal / external recruitment
- ■
- job description
- ■
- person specification
- ■
- headhunting

## Solution 2

- ■
- advertising media for recruitment, e.g. newspapers, websites, word of mouth, internal noticeboard, intranet
- Do not allow selection methods, e.g. curriculum vitae, résumé, application forms, interviews, references, testing,
- assessment centres.
- If more than one answer is given, only mark the first, reading from top left to bottom right.
- Accept all valid responses.
- 1
- 9609/23

## Solution 2

- October/November 2025

## Solution 2

### (a)(ii) Mark scheme

---

- Explain the term cash flow.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business
- context.

## Solution 2

- 1 mark
- Knowledge of one relevant point is used to answer the question.
- 1 mark
- Limited application of one relevant point to a business context.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

## Solution 2

- AO1 Knowledge and understanding
- Knowledge of cash flow
- may include:
  - ■
  - The sum of cash payments into a business less the sum of cash payments out of a business
  - ■
  - Inflows and outflows
  - ■
  - Into and out of the business

## Solution 2

- ■
- Receipts and payments
- ■
- Money / notes / coins / funds / finance
- 3
- 9609/23
- October/November 2025
- AO2 Application
- Limited application
- applies knowledge of cashflow to a business context.

## Solution 2

- Developed application
- +
- applies knowledge of cashflow to a business context.
- ■
- Who the cash flow is from / to, e.g. customers, suppliers, lenders
- ■
- Liquidity / solvency
- ■
- Working capital
- ■

## Solution 2

- Prediction / forecast
- ■
- Opening / closing balance
- ■
- Different to profit
- ■
- Benefits of producing a cash flow forecast, e.g. take preventative action
- ■
- Uses of a cash flow forecast, e.g. predict shortfalls, apply for finance, business plans

## Solution 2

- ■

- Examples of what cash may be used for, e.g. bills, staff wages, electricity, pay debts

- ■

- Example from a business context

- Accept all valid responses.

- Exemplar and annotations

- Mark

- Rationale

- Cash in and out

## Solution 2

- measures the business's ability to
- pay debts
- and the solvency of the business
- .
- 3
- The answer shows knowledge by the reference to
- cash in and out. There is an explanation of how it
- measures the ability to pay debts which is developed
- by the reference to solvency.
- Money into and out of the business.

## Solution 2

- It measures the
- liquidity of the business.
- 2
- Two marks. The first for knowledge and the second
- mark for application to liquidity.
- The flow of cash receipts and payments
- 1
- A reasonable definition
- The flow of cash
- 0

## Solution 2

- Tautological
- 9609/23
- October/November 2025

## Solution 2

### (b)(i) Mark scheme

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- Refer to Fig 2.1. Calculate the percentage of PD's customers with positive feedback
- Formula to calculate percentage:
- $\text{Positive Respondents} = \frac{\text{Positive feedback}}{\text{Total feedback}}$
- $\times 100$  (1 mark – formula only)
- $\text{Positive Respondents} = \frac{80}{400} \times 100$
- +

## Solution 2

- $\times 100$  (1 mark – use of correct figures)
- Positive Respondents = 15 (%) (1 mark – correct answer (no % necessary))
- Answer = 15 (%) (3 marks – correct answer (no working or % necessary))
- 9609/23
- October/November 2025
- Exemplar and annotations
- Rationale
- 3 marks
- Correct answer
- 15%

## Solution 2

- Working and % do not matter.
- Must be three
- to denote the three
- marks.
- Correct rounding must be applied.
- 2 marks
- Both of the following:
  - ■
- Correct calculation of total respondents
- (800)

## Solution 2

- ■
- Correct calculation of positive
- respondents (120)
- OR
- ■
- An incorrect answer with one mistake
- allowing OFR for final stage.
- OR
- ■
- A correct answer from an inverted

## Solution 2

- formula (6.67 – OFR)
- To award two marks, there must be
- ■
- Two
- and a
- OR
- ■
- One
- , one
- and one

## Solution 2

- 1 mark
- One of the following:
  - ■
- Correct formula
- ■
- Correct calculation of total respondents
- (800)
- ■
- Correct calculation of positive
- respondents (120)

## Solution 2

- To award one mark, there must be:
  - ■
  - One
  - and two
  - 0 marks
  - No creditable content.
- To award zero marks, there must be
  - ■
  - One
  - 9609/23

## Solution 2

- October/November 2025

## Solution 2

### (b)(ii) Mark scheme

---

- Refer to Fig. 2.1 and other information. Explain one reason why this data collected for PD may not be reliable.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business

## Solution 2

- context.
- 1 mark
- Knowledge of one relevant point is used to answer the
- question.
- 1 mark
- Limited application of one relevant point to a business
- context.
- 0 marks
- No creditable response.
- 0 marks

## Solution 2

- No creditable response.
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of one reason for data not being reliable
- (max 1 mark), including:
  - ■
  - Human error
  - ■
  - Lack of data standards
  - ■

## Solution 2

- Incomplete / outdated data
- ■
- Poor questionnaire design / poorly written questions / question construction
- ■
- Incorrect sampling
- ■
- Data collection issues
- ■
- Low response rates
- 3

## Solution 2

- 9609/23
- October/November 2025
- AO2 Application
- Explanation of one reason for data not being reliable
- (max 1 mark), including:
  - ■
- Human error—untrained employees enter the data incorrectly / different teams with inconsistent methods
- ■
- Lack of data standards—no rules of formatting / classifying data

## Solution 2

- ■
- Incomplete / outdated data—data no longer reflects current opinions
- ■
- Poor questionnaire design / poorly written questions—leading questions / confusion
- ■
- Incorrect sampling—sample doesn't represent target customers
- ■
- Data collection issues—timing
- ■
- Low response rates—bias / length of questionnaire

## Solution 2

- Context applied to PD
- (max 1 mark), including:
  - ■
- Mass market
  - ■
- Market dominated by a few well-known brands
  - ■
- Total market value is \$5.3bn
  - ■
- 17% share of market

## Solution 2

- ■
- Pablo became Marketing Director in 2022
- ■
- Launched promotional campaign based on trending music on social media
- ■
- Used social media influencers
- ■
- Poor online feedback
- ■
- Sales volume decreased by 20% in a week and continued to fall

## Solution 2

- ■
- Excess inventory in warehouses
- ■
- Drop in PD's share price
- ■
- Negative impact on cashflow
- ■
- Questionnaire completed by previous PD customers
- ■
- Data from Fig. 2.1

## Solution 2

- ■
- 800 respondents
- 9609/23
- October/November 2025
- Exemplar and annotations
- Mark
- Rationale
- Low response rates
- may lead to biased data
- affecting

## Solution 2

- decisions to repair the damage to PD's brand
- .
- 3
- Low response rates
- , with further
- explanation to how it may affect the data
- The third mark is for reference to the
- context
- .
- An incorrect sample size

## Solution 2

- of 800 customers
- .
- 2
- Knowledge of a use and applied to the
- number of customers who completed the
- questionnaire.
- Problems collecting the data
- 1
- Knowledge of a reason with no application
- The data will be inaccurate, incomplete and misleading

## Solution 2

- .
- 0
- No reason why the data collected may not
- be reliable. This answer is a description of
- unreliable data and does not answer the
- question
- Accept all valid responses.
- 9609/23
- October/November 2025

## Solution 2

### (c) Mark scheme

---

- Analyse two possible costs to PD of holding inventory.
- Level
- AO1 Knowledge and understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis

## Solution 2

- 4 marks
- 2
- 3–4 marks
- Developed analysis
- ■
- Developed analysis that identifies connections
- between causes, impacts and/or consequences of
- two points.
- ■
- Developed analysis that identifies connections

## Solution 2

- between causes, impacts and/or consequences of
- one point.
- 1
- 1–2 marks
- ■
- Knowledge of two
- relevant points is
- used to answer the
- question.
- ■

## Solution 2

- Knowledge of one
- relevant point is
- used to answer the
- question.
- 1–2 marks
- ■
- Application of two
- relevant points to a
- business context.
- ■

## Solution 2

- Application of one
- relevant point to a
- business context.
- 1–2 marks
- Limited analysis
- ■
- Limited analysis that identifies connections
- between causes, impacts and/or consequences of
- two points.
- ■

## Solution 2

- Limited analysis that identifies connections
- between causes, impacts and/or consequences of
- one point.
- 0
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

## Solution 2

- First cost in the left-hand side column, second cost in the right-hand side column
- 8
- 9609/23
- October/November 2025
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of possible costs of holding inventory (max 2
- s), may include:
- ■
- Opportunity cost of holding stock

## Solution 2

- ■
- Impact on working capital
- ■
- Labour cost
- ■
- Storage costs
- ■
- Risk of wastage / damage
- ■
- Depreciation

## Solution 2

- ■
- Insurance
- AO2 Application
- Application of cost to PD
- , including:
  - ■
  - Mass market
  - ■
  - Market dominated by a few well-known brands
  - ■

## Solution 2

- Total market value is \$5.3bn
- ■
- 17% share of market
- ■
- Pablo became Marketing Director in 2022
- ■
- Launched promotional campaign based on trending music on social media
- ■
- Used social media influencers
- ■

## Solution 2

- Poor online feedback
  - ■
- Sales volume decreased by 20% in a week and continued to fall
  - ■
- Excess inventory in warehouses
  - ■
- Drop in PD's share price
  - ■
- Negative impact on cashflow
  - ■

## Solution 2

- Data from Fig. 2.1
- ■
- 800 respondents
- AO3 Analysis
- Limited analysis of cost of holding inventory
- – candidate shows one link in the chain of analysis.
- Developed analysis of cost of holding inventory
- candidate shows two or more links in the chain of analysis or a two-
- sided analysis.
- 9609/23

## Solution 2

- October/November 2025
- Analysis may include:
  - ■
  - Opportunity cost of holding stock—space used to store stock could be used for production reducing potential output—
  - lower revenue
  - ■
  - Impact on working capital—money / cash will be tied up in the stock—cannot pay suppliers
  - ■
  - Labour cost—reduced profit—lower shareholder dividends

## Solution 2

- ■
- Increase storage costs—reduction in profit margins—reduction in share price
- ■
- Increase risk of wastage—spend time disposing of the waste—inefficiency
- ■
- Depreciation—reduces profits to reinvest—less future growth
- ■
- Insurance—increased expenses—reduced working capital
- Accept all valid responses.
- Exemplar and annotations

## Solution 2

- AO1 Knowledge
- AO2 Application
- AO3 Analysis
- Exemplar for one cost of
- holding inventory
- Annotations for the first
- cost should be placed in
- the left-hand margin.
- Insurance
- To reduce risk of disruption

## Solution 2

- to operations to maintain
- PD's 17% market share
- .
- Insurance will compensate
- PD if an incident destroys
- stock so it can maintain
- sales
- satisfying
- customers
- .

## Solution 2

- Exemplar of a second cost
- of holding inventory
- Annotations for the
- second cost should be
- placed in the right-hand
- margin.
- Risk of wastage
- Of the unsold mass market
- fizzy drinks
- .

## Solution 2

- Could lead to a reduction in
- profit
- and future
- expansion
- .
- 9609/23
- October/November 2025

## Solution 2

### (d) Mark scheme

---

- Evaluate the importance of branding to the future success of PD.
- Level AO1 Knowledge and understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks

## Solution 2

- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ■
- A developed
- judgement/conclusion is made in
- the business context.
- ■

## Solution 2

- Developed evaluative comments
- which balance some key
- arguments in the business
- context.
- 2
- 2 marks
- Developed
- knowledge of
- relevant key term(s)
- and/or factor(s) is

## Solution 2

- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to the
- business context.
- 2 marks
- Developed analysis
- that identifies

## Solution 2

- connections between
- causes, impacts
- and/or consequences.
- 3–4 marks
- Developed evaluation
  - ■
- A developed
- judgement/conclusion is made.
- ■
- Developed evaluative comments

## Solution 2

- which balance some key
- arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key term(s)
- and/or factor(s) is
- used to answer the
- question.
- 1 mark

## Solution 2

- Limited application
- of relevant point(s) to
- the business context.
- 1 mark
- Limited analysis
- that identifies
- connections between
- causes, impacts
- and/or consequences.
- 1–2 marks

## Solution 2

- Limited evaluation
- ■
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ■
- An attempt is made to balance
- the arguments.
- ■
- 12

## Solution 2

- 9609/23
- October/November 2025
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks

## Solution 2

- No creditable
- response.
- 0 marks
- No creditable response.
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of branding (max 2
- s), including:
- ■
- Creating a distinct identity / image

## Solution 2

- ■
- Brand values
- ■
- A company's name and logo, visual design, slogan, jingle
- ■
- Making consumers feel good about supporting a company and establishing an emotional connection.
- ■
- Differentiates from competitors
- ■

## Solution 2

- Influence purchasing decisions
  - ■
- Customers identify with business / brand
  - ■
- Brand personality
  - ■
- Build trust / relationships
- 9609/23
- October/November 2025
- AO2 Application

## Solution 2

- Application of branding to PD
- , including:
  - ■
- Mass market
  - ■
- Market dominated by a few well-known brands
  - ■
- Total market value is \$5.3 bn
  - ■
- 17% share of market

## Solution 2

- ■
- Pablo became Marketing Director in 2022
- ■
- Launched promotional campaign based on trending music on social media
- ■
- Used social media influencers
- ■
- Poor online feedback
- ■
- Sales volume decreased by 20% in a week and continued to fall

## Solution 2

- ■
- Excess inventory in warehouses
- ■
- Drop in PD's share price
- ■
- Negative impact on cashflow
- ■
- Data from Fig. 2.1
- ■
- 800 respondents

## Solution 2

- ■
- Need to repair damaged PD brand from promotional campaign
- AO3 Analysis
- Limited analysis of the importance of branding to PD
  - – candidate shows one link in the chain of analysis.
- Developed analysis of the importance of branding to PD
  - – candidate shows two or more links in the chain of analysis.
- ■
- Create distinct identity/image – maintaining customer base and repeat sales/loyalty–long term profitability

## Solution 2

- ■
- Name and logo conjure brand values—can attract/deter new customers—increase/decrease market share
- ■
- Customers buy the brand regardless of quality—repeat customers—increased market share
- ■
- Differentiates from competitors—attracts customers—increased market dominance
- ■
- Influence purchasing decisions—increase revenue—increased profits
- ■

## Solution 2

- Customers identify with business / brand—building brand loyalty—long-term profitability
- ■
- Brand personality—helps to differentiate and create a USP—customers pay a higher price
- ■
- Build trust / relationships—increased reputation—increased market share
- 9609/23
- October/November 2025
- AO4 Evaluation

## Solution 2

- Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment
- Developed evaluation–supported judgement and/or reasonable evaluative comment
- Developed evaluation in context–supported judgement in context and/or reasonable evaluative comment in context
- .
- ■
- The external impacts that affect the future brand image, e.g. new competitors or social trends
- ■

## Solution 2

- The relative importance of other elements of the marketing mix
- ■
- Other factors that affect future success, e.g. financial management, competition, social trends
- ■
- An evaluation on whether branding is important to PD's future success.
- Accept all valid responses.
- Exemplars for awarding evaluation
- L1
- (limited supporting

## Solution 2

- evidence)
- L2
- (developed supporting
- evidence)
- L3
- (developed supporting
- evidence with context)
- Branding is important to support PD's
- future success.
- Branding is important to support PD's

## Solution 2

- future success. Branding helps
- customer recognise PD's drinks
- amongst competing brands.
- Branding is important to support PD's
- future success. Branding helps
- customer recognise PD's drinks
- amongst competing brands and
- therefore maintain a 17% share of the
- market.
- Branding is not important to the future

## Solution 2

- success of PD.
- Branding is not important to the future
- success of PD. The taste of the drink
- is more important because customers
- will not buy a drink that they dislike
- the taste of, even if attractively
- branded.
- Branding is not important to the future
- success of PD. The taste of the drink
- is more important because customers

## Solution 2

- will not buy a drink that they dislike
- the taste of, even if attractively
- branded in the mass market.

## Question 5

9609/13 J25 ■ Q5 ■ 20 marks

- 5** (a) Analyse **two** benefits to a business of using break-even analysis. [8]
- (b) Evaluate whether cash flow forecasting is the most important activity for the success of a fashion clothing manufacturer. [12]

**OR**

## Solution 5

### (a) Mark scheme

---

- Analyse two benefits to a business of using break-even analysis.
- There are 8 marks in total for Q5(a)
- 4 marks for each of the two benefits given.
- These 4 marks consist of
  - 1 mark for
  - 1 mark for
  - 2 marks for
- Indicative content

## Solution 5

- Responses may include:
- AO1 Knowledge and understanding
- 1 mark for
- identifying one benefit of using break-even analysis.
- ■
- Provides crucial insights for business decisions
- ■
- Provides information for a range of important business decisions
- ■

## Solution 5

- Shows whether a product is worth selling or too risky- such as new products, pricing, costs and production levels
- ■
- Shows the amount of revenue a business will make at different levels of output
- ■
- Assists in evaluating investment plans/decisions
- ■
- Helps to analyse costs
- ■
- Calculations are quick/easy

## Solution 5

- ■
- Helps set pricing strategy
- ■
- Supports setting targets
- 8
- 9609/13
- May/June 2025
- AO2 Application
- 1 mark for
- of a one benefit.

## Solution 5

- ■
- The use of break-even analysis in a business -indicates production volume required to cover costs/make profits
- ■
- Allows informed decisions to be made on: Pricing
- ■
- Cost management
- ■
- Production levels
- ■

## Solution 5

- Overall business strategy
- ■
- Relatively easy to calculate and understand – great for quick estimates.
- ■
- Used to assist managers in decision making – location, equipment, projects.
- ■
- The break-even analysis can be used in business plans to support loan applications
- ■
- Really useful when launching new products or entering new markets
- AO3 Analysis

## Solution 5

- 2 marks for developed
- of one benefit
- 1 mark for limited
- of one benefit
- ■
- Break-even analysis can give a business an idea of whether the product is likely to be successful by analysing the
- costs involved and likely revenues.
- ■
- The level of output for a desired level of profit can be determined

## Solution 5

- ■
- A break-even chart indicates the margin of safety. If the margin of safety is too low the business might reconsider its
- product(s)
- ■
- Break even analysis can be used to assist managers when making important decisions such as location decisions,
- whether to buy new equipment, or invest in a project – so reduces the risk to the business.
- ■

## Solution 5

- A business might see that if a certain level of profit is to be achieved, costs might have to be reduced to make it
- possible
- ■
- A change in price might also be indicated. If the desired profit is not achieved, then the price of the product might have
- to be increased.
- Accept all valid responses.
- The AN marks are recorded in the 5(a) AO3 box
- 9609/13
- May/June 2025

## Solution 5

## Solution 5

### (b) Mark scheme

---

- Evaluate whether cash flow forecasting is the most important activity for the success of a fashion clothing
- manufacturer
- There are 12 marks for Q5(b)
- 2 marks for
- 2 marks for
- 2 marks for
- 6 marks for

## Solution 5

- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- 2 marks for developed knowledge and understanding
- 1 mark for limited knowledge and understanding
- ■
- Cash flow forecasting-the process of obtaining an estimate/forecast of a business's future cash position – anticipated
- payments and receivables in a given period of time
- ■

## Solution 5

- Clothing manufacturers convert raw materials into finished garments
- ■
- Success may be measured in terms of quality of clothing, customer satisfaction, level of clothes purchased, reputation
- established, health of financial position, level of profit, amount of time in business.
- 12
- 9609/13
- May/June 2025
- AO2 Application/Context
- 2 marks for developed application/context

## Solution 5

- 1 mark for limited application/context
- ■
- Success of a fashion clothing manufacturer very much concerned with following/creating the latest trends,
- fashions/fads in clothing, keeping pace with the latest fashion house changes in a range of different clothing items.
- ■
- Fashion clothing manufacturers produce a variety of clothes such as trousers, skirts, dresses, jumpers, T-shirts. casual
- wear, evening wear, summer ware etc
- ■

## Solution 5

- Use different materials-cotton, wool, leather
- ■
- Creativity/innovation in clothing design work
- AO3 Analysis
- 2 marks for developed analysis
- 1 mark for limited analysis
- ■
- A CFF can provide an early warning system for a business – future shortfalls in cash balances – allows a business to
- take informed business decisions, such as overdraft provision or short-term loan

## Solution 5

- ■
- If a business runs out of cash, it may face insolvency. A CFF can indicate the correct time to take action.
- ■
- CFF enables a business to track expected cash movements over a period of time in the future – provides a degree of
- certainty in possible turbulent times – allows well planned decisions to be made
- ■
- CFF is a strategic tool for a new business – gives information for development of plans for survival and growth
- ■

## Solution 5

- A cash flow forecast may be useful for external stakeholders – such as banks, may want to look at CFF at regular
- intervals in order to support a business plan.
- 9609/13
- May/June 2025
- AO4 Evaluation
- AO4 Evaluation: Up to 6 marks for evaluation:
- Developed/Supported judgement in context
- 6 marks
- Developed/Reasonable evaluative comments in context

## Solution 5

- 5 marks
- Developed/Supported judgement without context
- 4 marks
- Developed/Reasonable evaluative comments without context
- 3 marks
- Limited supported judgement
- 2 marks
- An attempt to balance the arguments/Weak attempt at evaluative comments
- 1 mark

## Solution 5

- A judgement/conclusion is made as to the importance of cash flow forecasting for the success of a new restaurant. Such
- judgements/conclusions may be made at any point in the essay, not only in a concluding section.
- ■
- A judgement is made as to whether activities other than CFF could/should be considered as important or more
- important in affecting a new clothing manufacturer's ability to succeed.
- ■
- A judgement is made as to what is meant by success and when to take the measure

## Solution 5

- ■
- Alternative measures of success are judged to be – perception of the quality of the clothes – brand image – desirability
- of clothes – strength/weakness of the economy – ability to react to changes in trends – retailer/supplier relationships
- ■
- A judgement is made regarding the significance of cash control and CFF for a new clothing manufacturer in relation to
- other factors.
- ■

## Solution 5

- Is CFF as important as market research or monitoring trends and fashions in clothing?
- Accept all valid responses.
- NOTE: The marks for 5(b) are recorded in the mark input column on the right-hand side of the screen.
- K marks are entered in the 5b AO1 box
- APP marks are entered in the 5b AO2 box
- AN marks are entered in the 5b AO3 box
- EVAL marks are entered in the 5b AO4 box
- 9609/13
- May/June 2025

## Solution 5